GOVERNMENT OF INDIA
PLANNING
LOK SABHA

STARRED QUESTION NO:352
ANSWERED ON:16.04.2008
ALLOCATION OF ASSISTANCE TO STATES
Reddy Shri Karunakara G.

Will the Minister of PLANNING be pleased to state:

(a) the rationale for giving up the Gadgil-Mukherjee formula for apportioning normal central assistance for the Plan among the States;

(b) the criteria now being followed in the Eleventh Plan;

(c) whether some States are not in agreement with this new criteria; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI V. NARAYANASAMY)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 352 BY SHRI G. KARUNAKARA REDDY FOR ANSWER ON 16.4.2008 REGARDING 'ALLOCATION OF ASSISTANCE TO STATES'

(a): The Gadgil-Mukherjee formula for apportioning Normal Central Assistance for the Plan among the States continues to be applicable. However, the Eleventh Five Year Plan document, as endorsed by the National Development Council at its 54th meeting held on 19.12.2007, had stated that:

(i) Given the progressivity in the formula for distribution of share of Central taxes under the award of the Twelfth Finance Commission;

(ii) Central Government ceasing to provide the loan component of the Normal Central Assistance from 2005-06, in terms of the recommendations of the Twelfth Finance Commission; and

(iii) The need to reexamine the entire gamut of issues arising from the present classification of expenditure, including the Plan and Non-plan distinction;
There does not seem to be any reason any more for continuing two different formulae for apportionment of share of Central taxes and Normal Central Assistance amongst the States.

(b): For the years 2007-08 and 2008-09, the first 2 years of the Eleventh Five Year Plan, the Gadgil Mukherjee formula has been used for apportioning Normal Central Assistance for the Plan.

(c): No new criteria have been decided for apportionment of Normal Central Assistance.

(d): Does not arise.